

SECRET

Executive Registry

74-8471

DCI/IC 74-0958
19 February 1974

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT: Declassification of Some of Your
Murphy Commission Testimony

1. Subsequent to your appearance before the Murphy Commission, on 19 November, the Commission staff requested that we review the transcript of your remarks and differentiate for them the classified and unclassified portions. For your information, they have taken this same approach with most of the witnesses who have made reference to classified information in their testimony.

2. The transcript which appears in the attached notebook has been reviewed by the DDI, the DDO, the DDS&T, the General Counsel, and by me. We have underlined in red all portions which are classified, except for a few points which are now treated within the Agency as classified but which you may now wish to treat as unclassified. The particular portions to which I draw your attention are:

a. On page 9, the first full paragraph beginning with "That was a way of expressing the charge of conducting espionage..." Is there today a good reason to deny that the US has a mechanism for directing the conduct of espionage?

b. On page 14, the first full paragraph on the page.



25X1A

c. On page 57, beginning in the first paragraph with "This, of course, is why we got into the war in Laos..." and carrying through the middle of page 58; then picking up again after certain deletions on page 58 with the paragraph "When the cease fire was arranged last January..." and carrying to Mr. Murphy's first question on page 59. This section describes how CIA got into the Laos war, etc. Can some or all of this go into the open record to begin to set matters straight?

Dept of State review(s) completed.

NSC Referral Not Required

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d. On page 101, the paragraph about mid-page which begins "What happened in 1959 was that a General in the Cambodian Army..." through page 102 as marked. This is the story of why Sihanouk thinks we tried to overthrow him in 1959, and it seems that this would be a good story to have out in the open.

3. The Commission does not now intend to publish a sanitized transcript, although they may want to publish an unclassified summary of your testimony. Thus, they will need guidance from us about which portions of your briefing they may use. After I receive your guidance on these few outstanding points, I will mark their copy of the transcript to match yours.

4. For your information, the Commission is developing a follow-up study plan which the staff members will pursue. I know that one area on which they would like a clearer fix is covert action.

5. I recommend that you sign the attached letter to Ambassador Murphy, transmitting the sanitized text. I will carry it to the Commission when I go to mark their transcript.

[redacted]
DCI/IC/CS

25X1A

Attachment:
as stated

DCI/IC/CS [redacted] 19 Feb 74

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2025 M STREET, N.W.
WASHINGTON, D.C. 20506

THE COMMISSION'S STUDIES PROGRAM

The document attached describes the Study Program authorized by the Commission on March 25, 1974.

That Program should evolve as the Commission's deliberations and the research itself suggest new issues or revised priorities. Pending such revisions, however, the studies to be undertaken by the Commission are those outlined here.


Peter L. Szanton
Research Director

March 26, 1974

COMMISSION ON THE ORGANIZATION OF THE GOVERNMENT
FOR THE CONDUCT OF FOREIGN POLICY

2025 M STREET, N.W.
WASHINGTON, D.C. 20506

March 26, 1974

THE COMMISSION'S STUDIES PROGRAM

The purpose of the Commission on the Organization of the Government for the Conduct of Foreign Policy, as set forth in its authorizing legislation, is "to submit findings and recommendations to provide a more effective system for the formulation and implementation of the nation's foreign policy." The statute makes plain that those recommendations should apply not only to the full range of Executive Branch agencies concerned with foreign affairs, but to means of improving the ability of the Congress to carry out its own responsibilities in foreign affairs.

The Commission is responding to that mandate in several ways. It is taking testimony from current and former executives of agencies concerned with foreign policy, and from critics and observers of those agencies. It has undertaken a systematic canvassing of the attitudes and desires of members of Congress and will pursue these in future hearings. It may sponsor a number of conferences and seminars. Finally, it is commissioning a number of special studies. This paper outlines the scope, content and timing of those studies.

Several introductory comments may be useful.

First, the purpose of all of the Commission's activities is to make clear how foreign policymaking might be improved through changes in organization; it is not to examine the substance of policy. Accordingly, the purpose of the research program is to provide the Commission with a factual basis for determining where current organizational performance -- especially within the Executive Branch -- is most in need of improvement; what kinds of organization change seem likely to prove most beneficial; and how such changes might effectively be introduced.

Second, in this document as in the Commission's work generally, the words "organization," "foreign," and "policy" are all used broadly. "Organization" refers to the procedures, personnel and resources applied to the determination and management of policy, as well as to relative responsibilities of the various governmental entities involved. "Foreign" policy is understood to involve the whole range of issues which may substantially affect the relation of the U.S. to other countries, whether they also have major domestic implications or not. And "policy" is taken to mean that range of functions which includes analysis of the external world and of U.S. interests with respect to it; consideration of alternative courses of action, determination of actions to be taken, carrying out of those actions, and assessment of the consequences.

Third, the Commission has no interest in original research for its own sake. On many of the subjects discussed below, substantial work has already been done. The Commission intends to utilize such work and to perform only such original research as may be necessary to address its specific concerns.

THE STUDIES

PHASE I: PREPARATORY PAPERS

The studies will proceed in three partially overlapping phases. The first, a short preparatory stage which began in December 1973, involves the preparation of a set of brief papers intended to give the subsequent studies a common base and focus. None of these papers will be taken as final statements; those which deal with problems to be addressed in the Commission's final report will be revised in the light of the conclusions of later studies. Most of the papers of Phase I will be prepared by the Commission's own staff, and completed by April 1974. Phase I studies include the following:

A. The Utility and Limits of an Organizational Approach

It is sometimes asserted that what matters in policy-making is the people involved, not the organizational framework. The more plausible form of this assertion is that,

(Phase I)

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while organizational setting does affect the information received by decisionmakers, the alternatives presented to them, the values they take as paramount and the constituencies to which they respond, organizations, nonetheless, should be designed to fit the operating styles of their key individuals, and not vice versa.

Similarly, the argument is made that organizations cannot be designed without reference to the dominant concerns of policy. The management of U.S. interactions with great-power antagonists, for example, is probably best entrusted to organizational arrangements quite different than those best adapted to matching the economies of the non-communist states, or than those appropriate to addressing problems of world population, food, and natural resources.

How, then, can this Commission realistically fulfill its charter? What kinds and degrees of organizational change can it realistically propose in the absence of knowledge about either future U.S. political leadership or of the dominant policy concerns in the period following the Commission's report? This study will address that issue. It will attempt to distinguish types of organizational problems for which a single recommendation may be appropriate from others where alternative proposals may be more useful, and still others as to which it may be appropriate only to

(Phase I)

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specify the criteria which any organizational arrangement should meet. It will also explore the extent to which various components of a foreign-policymaking system might be designed asymmetrically, with differing organizations or levels of organization oriented toward different major concerns.

B. The Problems Commonly Cited

The organizations and personnel engaged in the conduct of U.S. foreign policy have been often analyzed and many asserted adequacies identified. To provide a rough checklist of issues to be considered in later studies, this paper will briefly review the major criticisms now most commonly made of performance in particular substantive areas (e.g., economic, cultural); functions (planning, implementation, etc.); resources (budgets, personnel); and the like.

C. The Future Environment

To supplement the analysis of criticisms now made of foreign affairs organization, this paper will identify and discuss plausible current predictions about the environment in which U.S. foreign policy will operate over the next decade. It will not seek to predict a particular future, but rather to suggest the major alternative future environments which important current developments may foreshadow,

the kinds of policy problems which may prove paramount in such environments, and the particular functions, resources, and organizational arrangements which might be most severely taxed in such circumstances.

D. Lessons of Prior Studies

This paper will summarize the issues addressed and the recommendations made in each of the major studies on foreign affairs organization conducted since 1945. It will also analyze the comparative impact of those studies and seek to identify the various factors -- intellectual, political, bureaucratic -- which determined their degrees of success. Its purpose is threefold: to supplement study I.B, above, by identifying prior kinds of dissatisfaction with the organization of the government with the conduct of foreign policy; to prepare for study II.A, below, by identifying major previous changes in organization for the conduct of foreign policy; and to increase understanding of the ways in which the present Commission might conduct its activities and cast its report so as to enlarge the chances of its having a useful effect.

E. Characteristics of an Effective Foreign Policy System

The mandate of the Commission, to recommend "a more effective system" for the conduct of the nation's foreign policy, does not specify the characteristics which such a

system should possess. This paper will provide a first attempt to identify those characteristics.* Its purpose is to establish a set of criteria against which the performance of both current organizational forms and of alternatives to them can be measured.

F. Alternative Models of Organization

To help focus the conclusions of later studies, this paper will detail several alternative models of organization of the Executive Branch for the conduct of foreign policy,** together with several models of Congressional organization. Later studies will consider how each of these alternative structures might perform in dealing with the particular policy issues they address, and explore the possible relation of Executive and Congressional models. Subsequent studies will also be free, however, to specify such other models or elements of models as they deem useful.

*Examples: That such a system provide a coherent conception of U.S. objectives; that it present decisionmakers with realistic alternatives; that it ensure that "policy" actually controls operations, etc.

**Examples: a "Strong-State" system; White House-Centered; Decentralized.

G. Comparable Patterns of Other Governments

This study will briefly examine aspects of the organization for the conduct of foreign policy of a limited number of foreign governments. Attention will be directed only to apparently successful arrangements which seem applicable to U.S. conditions. Examples are the British personnel and commercial functions reformed as a result of the Plowden and Duncan reports, the recently reorganized Foreign Office of the Federal Republic of Germany, and the French administration of overseas cultural and economic assistance programs.

PHASE II: SUBSTANTIVE STUDIES

Phase II, embodying the major portion of the Commission's research, will begin in April 1974 and be substantially completed by December 1974. Some Phase II studies will be performed by the Commission's staff, others by consulting scholars. The studies are outlined tentatively here; full specification of their coverage, approach and level of detail awaits completion of discussions with their prospective authors.

A. The Effectiveness of Organizational Change

There exists no formula which accurately predicts the full effects of changes in complex organizations. One reason why the proposals made in many prior studies had little impact is that reasonable persons could reasonably disagree as to what their actual consequences would be. In order to improve the ability of this Commission to make recommendations whose real impact can be more confidently predicted, several studies of the costs and benefits of actual recent changes in organization for foreign policy will be undertaken. Examples of such changes are the evolution of the NSC from 1960-1974; the transformations of the foreign aid program, 1949-1962; changes in the State Department associated with Under Secretary Crockett; creation of the CIEP. To each of these cases, three main questions would be posed:

- . What benefits were anticipated from these changes?
- . What benefits -- and what costs -- were actually experienced?
- . What general lessons for organizational change can be derived?

B. The Adequacy of Current Organization

The Commission must obviously attempt to assess the adequacy of current organizational arrangements for the conduct of foreign policy. It cannot conduct research on all such organizational arrangements, however. To supplement other evidence concerning the manner and effectiveness with which the government manages the wide variety of foreign policy problems, the research program expects to examine in detail the adequacy of current organizational arrangement with respect to four or five foreign policy problems of the highest priority. The purpose of each such study is to determine whether current organizational forms, jurisdictional lines, staffing patterns and operating procedures are fully effective, and to suggest whether specific alternative arrangements (drawing especially on the models outlined in paper I.F) might improve matters.

The studies in each such area will proceed by examining, as nearly as possible, all major decisions made by the U.S. Government of a particular kind over roughly the past five years. This procedure will present for review a

history of policymaking which will include cases of crises as well as routine decisionmaking, issues resolved at departmental as well as Presidential levels, and successes as well as failures. The decisions which, in retrospect, had unfortunate or unexpected results will be compared with those whose consequences were more favorable or more clearly foreseen. These comparisons will seek to illuminate the causes of inadequate performance and to identify both the organizations and the functions (collection of information, development of alternative courses, etc.) which appeared most in need of strengthening.

The particular foreign policy problems tentatively chosen for such intensive reviews are the following:

1. The Interaction of U.S. and Foreign Economies. In addition to such issues as the U.S. textile dispute with Japan, 1969-74; preparation of the 1973 trade bill; and U.S. actions respecting the problems of the international monetary system, attention will be given to decisions previously thought of as being domestic but which have a major potential or actual impact on foreign relations (e.g., U.S. crop acreage allotment decisions and their relation to world grain prices).

2. National Security Issues. This study will seek to assess the adequacy of current arrangements for balancing the full range of relevant considerations -- foreign policy implications, economic and budgetary impact as well as national security requirements -- in decisionmaking with respect to defense budgets, weapons acquisition, base requirements, troop deployment, strategic doctrine, and the preparation of positions concerning international arms limitations.
3. Coordination in Complex Settings. This study will examine the capacity of the U.S. to maintain coordination between a large number of policies impinging on a single foreign state, or region. It will both survey the totality of U.S. foreign policy activity with respect to a single region or small set of countries (e.g., the Federal Republic of Germany, or India and Pakistan) over roughly a five-year period, and examine in detail a case in which the combined effect of U.S. policies had important unintended consequences (e.g., pressure on the Erhard regime just before its fall).
4. Multilateral and Global Issues. This study will review recent U.S. actions with respect to the diverse but increasingly important issues which are inherently multilateral or global in scope. Often, they present

both domestic and foreign policy implications, cross traditional jurisdictional lines, and involve important technical components. Such issues include the oversight of multinational corporations; determination of seabed policy; and actions respecting world environment, population, and food production.

C. Minimizing Irrationality

Recent work in several disciplines provides new insight into the tendencies of personal and bureaucratic factors (and in the case of crises, physiological and additional psychic factors) to distort the judgement of decisionmakers. Drawing on recent work in the political, behavioral and psychological sciences, this study would address two questions: (1) to what extent are current organizational, procedural and staff arrangements unnecessarily vulnerable to such pressures; (2) what alternative arrangements might either shield decisionmakers from such pressures or open their deliberations to others less likely to be affected by them? Answers would be sought as to arrangements both for response to crises, and for more routine decisionmaking.

D. The Conduct of Routine Relations

The adequacy of current organizational arrangements to manage major decisions concerning priority issues requires the closest attention; accordingly, that problem forms the

focus of much of this study program -- especially in the various studies grouped under II.B. But most of the time, most of the resources devoted by the U.S. to foreign affairs are engaged in far more routine activities, and these quite substantially shape U.S. foreign relations, especially with nations and regions of secondary strategic or economic importance. This study is intended to assess the relevance and utility of these more routine activities. It will also examine the degree to which U.S. "policy" with respect to a lower-priority region actually governs the day-by-day handling of commodity agreements, expropriation problems, fishing disputes, tariff and trade questions, and the like, and the role of private U.S. citizens and organizations in U.S. relations with the countries selected. The study will address those questions through a close examination of U.S. relations with several Latin American nations over the past 6 or 8 years.

E. Resources for Foreign Affairs

Beginning in the summer of 1974, after all other Phase II studies are well underway, this analysis will seek to draw from their findings indications of ways in which the personnel systems upon which U.S. foreign relations are founded and the budgets which support the conduct of those relations might be adapted more effectively to their purposes. The study will be divided into two parts, approximately as follows:

1. Personnel. This substudy will review the functions overseas representatives and their home agencies actually perform, and those which prior studies suggest as most important and least adequately performed. Conclusions will be derived concerning the skills, perspectives, and incentives a foreign affairs personnel system should provide, and changes in recruitment, training, career-paths or organizational structure which might most effectively produce them.
2. Budgets and Resource Management. This study will investigate how policymaking and resource utilization might be better meshed. Supplementary questions include how levels of support for given functional activities might be better developed in an overall context, and whether some form of more coordinated budgetary process in either the Executive Branch and/or the Congress might be helpful.

PHASE III: INTEGRATION AND PREPARATION OF CONCLUSIONS

The contents of this phase, to begin in September 1974 and continue until the completion of the Commission's final report in June 1975, cannot now be fully specified, but three main tasks will be performed:

1. The lessons learned from the studies, the Congressional interviews, the conferences, hearings, and other Commission activities will be drawn together and recast into categories appropriate for general conclusions.
2. Supplementary studies, additional conferences, hearings, and other activities will be undertaken to prepare recommendations responsive to those conclusions.
3. Impediments to the implementation of those recommendations will be assessed; means of addressing them explored, and modifications in the recommendations considered.

July 10, 1974

Suggested Modification of the
Substance in Page 2 and 3 of the Harris Proposal

(1) An Overview of Intelligence in the Conduct of Foreign
Policy -- William J. Barnds, author

25 pages +

A general paper that would address in broad terms all of the central issues: the role of different types of intelligence in the formulation and execution of foreign policy in the post-Cold War era; organizational issues involving the intelligence community; competition and coordination in intelligence analysis; the role of the Director of Central Intelligence (both in the allocation of missions and resources and in the policymaking process); and a look at intelligence from the standpoint of different policymakers. The paper would discuss the roles of the Agency heads, the Intelligence Community staff, and the NSC Intelligence Committee. It would also stress the sources of dissatisfaction with intelligence, and issues of organizational or functional reform which are implied by that dissatisfaction, and the adequacy of guidance and feedback to the intelligence community from policymakers. The advantages and disadvantages of various organizational and procedural approaches would be outlined.

(2) Intelligence and Policymaking -- William J. Barnds, author

This paper would deal in considerable detail with the interaction of intelligence organizations and officials with those institutions and individuals charged with policymaking responsibilities. It would consider different ways that intelligence analysis and production could be done in current intelligence, intelligence estimates, and basic intelligence research. It would also consider the importance of various kinds of information -- collected by various means -- in the intelligence process, and the role intelligence officers could play in guiding different types of collectors. The problems of securing intelligence relevant to the needs of policymakers would be surveyed, as would the importance of maintaining a sense of detachment and the ability to purvey unpleasant views. This paper would concentrate on describing how things actually are done rather than on any textbook formula, but would also discuss opportunities for improving relations between intelligence officials and policymakers -- either through organizational changes or by institutionalizing certain practices.

*Possibility of
applying weather
forecasting system
to intel
new types
estimating
Is this gut
issue in intel?
Debate now
but Andy Marshall,
Al Hall, DIA, & CIA
on probabilistic
forecasting.*

*refile
& sharpen
description*

Innovation in the Production of Intelligence --
Clinton Kelley, author

*now has DoD & OSI contracts
to innovate on estimating*

This paper would focus on new ways to prepare and present finished intelligence analysis (e.g., oral presentations, better inputs into NSSM deliberations, and quantitative analysis where applicable). It would address new techniques in forecasting and decision-making as well as estimative methodology -- but would differentiate between those topics which are particularly susceptible to quantitative analysis and those which are not. Kelley will also address organizational implications of altered relationships between forecasters and decision-makers. In addition, the paper would discuss the issue of evaluation of finished intelligence analysis (or the lack of it) within the intelligence community -- and consider systematic methods of judging the usefulness of intelligence products to policymakers.

Authority for the Conduct and Management of Foreign Intelligence -- William R. Harris, author

*legal
attractions*

This paper would discuss the constitutional and statutory base for foreign intelligence, with explicit reference to the National Security Act of 1947, the CIA Act of 1949, and the full range of National Security Council Intelligence Directives. The paper would address: the authority of the DCI and the IC staff; the role of the President and Congress in delegating authority to collect intelligence information; the adequacy of the present authority for the conduct of covert operations, by the CIA and the DoD; the authority to release information of commercial value; the authority to collect information within the U.S., with or without a court order; the authority to collect and disseminate information on international organizations and multinational corporations; the authority to exchange information with foreign governments; and the authority to protect intelligence sources and methods from unauthorized disclosure. The paper would suggest alternative approaches and discuss the pros and cons of recommending statutory reforms.

*Research from written materials finished.
Pickoff on Andy Marshall staff studied this
70-71 without context Schlesinger study.
Interview legal & legislative
councils in various agencies
at Schlesinger study group.*

(5) Issues in Intelligence Resource Management

This paper should address not only questions of efficient resource allocation but also the capacity of the DCI and others to make appropriate decisions and to manage resources appropriated to other agencies. The stress would be on these programs run by the Secretary of Defense on behalf of the national intelligence effort. The paper would examine the role of the Intelligence Resources Advisory Committee and the other committees coordinating expensive and sensitive collection programs. What role should be played by OMB, the DCI, the IC Staff, PFIAB, and Congress? If there are systematic misallocations of resources, are there organizational or legislative reforms which are advisable? What are the options available?

New Fields for Intelligence and Support of International Organizations -- William R. Harris, author

This paper would discuss in what ways the Intelligence Community might broaden its scope of "National Security" - related issues to treat such topics as international food production, environmental issues, climate forecasts, population studies, marine resources, and energy data. The focus would be on new subjects for intelligence research and new customers, not only within the U.S. Government but in international organizations such as the United Nations. The paper would also discuss how U.S. intelligence resources could be brought to bear to help international groupings deal with international terrorism and narcotics control. How can intelligence sources and methods be protected? What financing arrangements are appropriate?

NB - Where is CA proposal - KC

NB - KC still wishes task intel community.

NB - What major issues missing - compare with Murphy Q's to Colby. - TR to do.

NB - Is Harris approach best way

KC says this must be done by "insiders" - OMB, IC, ASIB
How says "no" - Colby gave "pat" answer to "hard" questions - no new ideas or problems.
KC cannot get budget down much which not related to conduct of foreign policy.

not "gut" is it an intelligence requirement? either

Frank Linder hot on this issue - trying for years go back into del for UN.